

## **Section 8**

### **VENDOR MONITORING**

## Vendor Monitoring

Execution of the Contract authorizes the Department to perform any and/or all monitoring, as the Department deems appropriate. The Department or contractor will visit each Vendor prior to, or at the time of, initial authorization. Vendors may be selected for monitoring based on their volume of WIC program sales, past program abuse, history of unusually high prices of authorized foods, complaints, availability or variety of authorized foods, submission of suspicious food instruments or other concerns of the Department. In addition, the Department and contractor may conduct follow-up visits on Vendors who are reported on the Arizona WIC Program Participant Reporting Card.

The Arizona WIC Program monitors all authorized Vendors to ensure that they understand the WIC program's rules, regulations and procedures. Both the Department and contractor may monitor Vendors through, but are not limited to, the following measures:

- Vendor Site Reviews
- Reject food instrument report reviews
- Compliance investigations
- Inventory audits
- WIC participant/authorized representative and clinic complaints

## Vendor Site Review

A Vendor Site Review is an unannounced on-site visit. These visits are unannounced because, if an appointment is made, the Vendor may be well stocked, but may not have adequate WIC stock when the participant/authorized representative redeems food instruments. Appointments may be made for training purposes only. As outlined in the Vendor Contract, the Vendor cannot refuse to allow a Vendor Site Review to be conducted. A Vendor Site Review may be conducted at any time the Vendor is open for business.

There are four types of Vendor Site Reviews:

1. Initial: First time visit for a new Applicant or change of owner;
2. Initial follow-up: Follow-up visit for a new Applicant or change of owner that did not meet the required minimum WIC stock during the Initial visit;
3. Representative: Chosen at random;
4. High risk: Identified by low inventory, participant/authorized representative complaints, sanitation issues, etc.

Vendor Site Reviews may be conducted by contracted and Department personnel as follows:

1. At a minimum, annually during each Federal fiscal year (October through September) for each Vendor outlet;
2. The above-mentioned minimum Vendor Site Reviews will not include initial reviews or Vendor Site Reviews requested by the Department;
3. For other than the initial Vendor Site Reviews, the Department will be responsible for Vendor Site Review monitoring at military commissaries and pharmacies.

Vendor Site Reviews will be conducted with corrective action follow-up completed. Training and education to participating Vendors will be provided at the time of the visit. Vendor Site Reviews will be used to substantiate abuse and fraud under the Violations and Sanctions established in this Manual. The Vendor Site Review form will document the following information:

1. Date of and reason(s) for the review;
2. Statement of problems/deficiencies identified on a previous Vendor Site Review conducted or complaints experienced by WIC participants/authorized representatives or WIC staff;
3. Current Vendor prices for WIC foods offered whether or not the prices are documented on the shelf;
4. Examination of Arizona WIC Program food instruments in the possession of the Vendor at the time of the site review for proper completion of food instrument redemption requirements;
5. Corrective action taken by the Vendor since the last visit when problems or deficiencies were noted (during current or prior Federal fiscal year);
6. Corrective action recommended and target correction date of current visit;
7. Training and/or counseling given on proper WIC policies and procedures;
8. Vendor comments, if applicable, must include how the Vendor plans to correct deficiencies found;
9. If no deficiencies are found, the following statement will be documented on the form: "Did not have any discrepancies uncovered during this review", with the date of the review entered by the reviewer.

Upon arrival at the Vendor's location, the WIC representative will document the time, look for the WIC Decal, and determine whether there is appropriate wheelchair access to the store. The WIC representative will introduce him/herself to the manager or person in charge and discuss the purpose of the visit and explain what he/she will be doing. If a WIC Decal was not displayed, the WIC representative will provide the store representative with two (2) WIC decals (one English and one Spanish) and ask that the decals be posted before the end of the on-site visit.

The following items will be checked during the store visit:

1. WIC foods - All quantities, sizes, brands, varieties, and highest shelf price listed on the Price/Stock form for all WIC foods offered - both on the shelf and in-store storage;
2. Prices - Prices should be clearly marked on the merchandise or shelf;
3. Store sanitation - Current Health Operating Permit which is posted, freezer and refrigeration temperatures, and clean appearance of the store;
4. Treatment of WIC participants/authorized representatives/personnel - Observe attitude of Vendor's employees toward WIC participants/authorized representatives, if possible, and WIC personnel;
5. ADA compliance - Observe compliance with the American's With Disabilities Act. For example, if you were wheelchair bound would you have access to WIC foods (access would include the ability to request a store clerk to obtain a WIC food that is unreachable).
6. Food instruments - Review food instruments in the possession of the Vendor to determine if proper redemption procedures are being followed. If the store is large, request food instruments from at least one cash register.
7. WIC ID Stamp - Observe the condition of the Vendor's WIC ID stamp(s).

Upon completion of the review, the following items will be discussed with the store representative:

1. The food instruments reviewed, indicating proper or improper redemption procedures;
2. Vendor ID stamp(s) which is/are not legible;
3. Results of the Vendor Site Review, indicating any deficiencies found and/or corrective action taken from a previous site visit, if applicable;
4. Any questions, problems, or suggestions regarding the Arizona WIC Program;
5. When deficiencies are found, the store representative will be advised that a follow-up visit will be conducted.

The store representative will be asked to sign the form, to document any comments, and may be asked to explain how the corrective action will be implemented. The pink copy of the Vendor Site Review form will be left with the store representative at the time of the visit and a copy will be mailed to a chain store's corporate office or to the headquarters' office of the store outlet, when more than one outlet is covered by the Contract. The original Vendor Site Review form will be on file at the Department to prove that the Vendor has received training and/or counseling.

Training and education will include the following:

- Review of proper program procedures and/or requirements as indicated in the Vendor Contract and/or Vendor Manual
- Review approved and non-approved foods
- Review Vendor practices
- Discuss problem areas, expected compliance, and how the Vendor plans to correct deficiencies, if applicable
- Discuss sanctions that may be applied
- Inform Vendor of who to contact for questions regarding the Arizona WIC Program

The Department will analyze the completed Vendor Site Review form for the following:

1. Condition of the Vendor ID stamp.
2. Vendor food instrument redemption procedure training necessary for discrepancies noted when reviewing food instruments.
3. Whether corrective action of previous visit(s) was implemented.
4. Current corrective action necessary.
5. Vendor comments.
6. Need for materials and/or additional training for staff.
7. Non-compliance with minimum stock requirements.
8. Price increases or decreases.
9. Sanitary conditions of the store.
10. Whether the Vendor is subject to sanctions (See Violations and Sanctions).

### Rejected Food Instrument Review

The Department will review the Vendor reject report as necessary to ensure that the Vendor is following the correct food instrument redemption procedures. The report documents the food instruments rejected for payment by the Vendor and the reason for the rejection. The report will be analyzed to determine if the program error(s) are subject to sanctions (See Violations and Sanctions).

- # **NOTE:** Vendors or its employees **may not** seek, verbally or in writing, full or partial payment or restitution from WIC participants/authorized representatives for refunds, due to the Department for food instruments rejected for payment by the banking contractor or the Department or if food instruments are damaged or never deposited.

### Compliance Investigations

A compliance buy is an investigation involving an undercover (covert) on site visit in which an individual poses as a WIC participant/authorized representative/proxy and uses WIC food instruments to determine compliance by the Vendor with WIC Program requirements.

The Department shall conduct compliance buys (covert investigations) to determine the Vendor's compliance with WIC Program requirements.

Compliance buys may be conducted on a random basis or on those Vendors suspected of violating WIC Program requirements and/or federal, state and local laws or regulations. Vendors may be subject to sanctions for WIC Program violations or violations of federal, state and local laws (See Violation and Sanctions).

## Inventory Audits

Inventory audits may be conducted on Vendors to determine their compliance with WIC program requirements. The Vendor is responsible to maintain all documents and records that pertain to their participation in the Arizona WIC Program for a period of five years from the expiration or termination of their contract; or the final payment under their contract.

The inventory audit will include a comparison of a Vendor's documented inventory of a supplemental food item against the Vendor's claimed reimbursement for the sale of that supplemental food item for a specific period of time.

## Complaint Reporting

Both participants/authorized representatives/proxies and Vendors have obligations and responsibilities to the Arizona WIC Program.

Participants may file a complaint against a Vendor for WIC program violations by completing and submitting the Arizona WIC Program Participant Reporting Card or by contacting the WIC Program by telephone. Complaints by participants against Vendors may include, but are not limited to:

1. Vendor's employee was verbally abusive.
2. Vendor was out of WIC authorized food(s).
3. Vendor sold expired infant formula.
4. Vendor overcharged for WIC food(s).

Vendors may file complaints against WIC participants/authorized representatives/proxies by completing and submitting the Arizona WIC Program Vendor Reporting Card or by contacting the Arizona WIC Program by telephone or in person. Complaints by Vendors against participants/authorized representatives/proxies may include but are not limited to:

1. Participant was verbally abusive to Vendor employee.
2. Participant attempted to purchase unauthorized WIC food(s).
3. Participant attempted to return food purchased with WIC food instrument(s) for a cash refund.

The Department will take the appropriate follow up action on all complaints received.

## Coordination with the Food Stamp Program

The Department has a cooperative agreement with the Food Stamp Program. Both programs regularly exchange information regarding authorized Vendors on each of their programs.

This exchange of information includes adverse actions taken by each program against their respective authorized Vendors.

The Department also refers Vendors suspected of violating Federal or State laws to the United States Department of Agriculture, Office of Inspector General for investigation and possible criminal prosecution.